

From: Ikenouye - DNR, Teri
Sent: Tuesday, July 28, 2020 8:48 AM
To: Dylan and Teri Ikenouye
Subject: Fwd: DJ Simmons Transfer

Please print pages 1-4 of attachment and email chatter.

----- Forwarded message -----

From: Ferrin - DNR, Jeremy <jeremy.ferrin@state.co.us>
Date: Mon, Jul 20, 2020 at 11:15 AM
Subject: Re: DJ Simmons Transfer
To: Ikenouye -, Teri <teri.ikenouye@state.co.us>

Teri,

Attached is the revised Form 10 with the additions you requested (see page 4). Four Corners corrected one typo, changing Facility #381416 to Facility #381614. Regarding the various warning letters and NOAVs, you can approve the Form 10 despite those - those compliance issues will be addressed by their compliance plan. Here are the two COAs we discussed: Conditions of Approval attached to this Form 10 include: 1. Four Corners Energy, LLC will comply with the Idle Well Management Plan, attached hereto, and 2. Four Corners Energy, LLC will remediate Remediation Project No. 10835 (Squaw Canyon-Federal 2, API No. 05-033-06045, Dolores County) on or before September 30, 2020, subject to amendment by mutual agreement of the parties.

You can either attach them as a separate document or a comment, I don't have a preference. I've also compiled all the documents here if you need something else: "G:\Hearings\AOC_OFV_Emergency\2020\DJ Simmons Bankruptcy\Form 10"
Thanks,

Jeremy I Ferrin
Enforcement Supervisor



COLORADO
Oil & Gas Conservation
Commission
Department of Natural Resources

P 303.894.2100 x5186 | F 303.894.2109
1120 Lincoln Street, Suite 801, Denver, CO 80203
jeremy.ferrin@state.co.us | www.colorado.gov/cogcc

On Wed, Jul 15, 2020 at 11:16 AM Ferrin - DNR, Jeremy <jeremy.ferrin@state.co.us> wrote:
Thanks Teri.

Jeremy I Ferrin
Enforcement Supervisor



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On Wed, Jul 15, 2020 at 10:50 AM Ikenouye -, Teri <teri.ikenouye@state.co.us> wrote:

Jeremy-

I have reviewed the form 10 from DJ Simmons, and my issues are attached. Please note that the warning letters that have duplicate document numbers are comments by Ryan Daigle in the RemindMe section - likely all MIT issues - but it is still part of my review. There are three related pits from a previous operator as well. When we PA a well the location becomes "unrelated" so the locations will all need to be added to the form 10.

The new operator may need to have additional financial assurance because all the wells are SI status - Debbie will catch that during her review.

Let me know if you have any questions.

Teri

On Mon, Jul 13, 2020 at 2:28 PM Ferrin - DNR, Jeremy <jeremy.ferrin@state.co.us> wrote:

Calling to discuss.

Thanks,

Jeremy I Ferrin
 Enforcement Supervisor



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 From: Teri Ikenouye - DNR, Teri Ikenouye - DNR <teri.ikenouye@state.co.us>
 Sent: Wednesday, July 15, 2020 10:50 AM
 To: Jeremy I Ferrin - DNR, Jeremy I Ferrin - DNR <jeremy.ferrin@state.co.us>

Teri Ikenouye
 Enforcement Supervisor

Jeremy I Ferrin
Enforcement Supervisor



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IDLE WELL MANAGEMENT PLAN FOR DJ SIMMONS ACQUIRED INTERESTS BY FOUR CORNERS ENERGY, LLC

Four Corners Energy, LLC (“FCE”) is in the process of acquiring all of the oil and gas interests currently owned by D. J. Simmons Inc. and D. J. Simmons Limited Partnership (collectively “DJS”) which are located in Colorado and Utah (“Anticipated Transaction”). DJS is currently in bankruptcy and as part of the Anticipated Transaction FCE will take over the responsibilities of operating the properties which DJS is currently responsible to operate in Colorado and Utah.

DJS currently operates 6 wells in Colorado and 5 wells in Utah that are currently producing. In addition to the currently producing wells, DJS is the current operator of record for and 11 Colorado wells and 9 Utah wells that are currently shut-in (“SI”) as well as 2 wells that have been temporarily abandoned (“TA”) in Utah. Many of the SI/TA wells are not in compliance with the shut-in / temporarily abandoned well rules of the regulating agencies.

DJS also is currently responsible for the reclamation of 14 locations of previously plugged wells in Colorado and 5 locations of previously plugged wells in Utah.

As part of the Anticipated Transaction FCE will take on DJS’s responsibility for the locations of previously plugged wells that have remaining reclamation obligations, the temporarily abandoned wells and the currently shut-in wells in addition to the producing wells. (A list of the wells and the previously plugged well locations involved in the Anticipated Transaction is attached.)

This Idle Well Management Plan (“IWMP”) is being prepared as a tool to be used to bring the SI/TA wells into compliance with the regulating agencies rules and accomplish the necessary reclamation activities to remove those locations from overview of the regulating agency will commence.

Upon completion of the Anticipated Transaction FCE will, at a minimum, address the regulatory compliance requirements of the currently SI/TA wells and the current previously plugged locations that require additional reclamation according to the following schedule.

Plan Year	SI / TA Wells			Previously Plugged Locations		
	TOTAL	Utah	Colorado	Total	Utah	Colorado
2020	5	3	2	3	1	2
2021	4	2	2	3	1	2
2022	4	2	2	3	1	2
2023	4	2	2	3	1	2
2024	3	1	2	3	1	2
2025	3	1	1	2		2
2026				2		2
TOTAL	22	11	11	19	5	14

1. During the 1st quarter of each year FCE will identify the SI/TA wells and the reclamation locations that it will address that year in consultation with the appropriate regulating agency. Identified concerns of the regulating agencies will be taken into account in determining the yearly actions.
 - a. In 2020 FCE will perform the following actions –
 - i. Bring the Ucolo #2 well into regulatory compliance by either returning it to production, performing a pressure test or plugging the well during the 2nd quarter of the year (as soon as weather will reasonably permit the activity);
 - ii. Bring the Mustang #1 and the Little Nancy 3-22 wells into regulatory compliance by either returning them to production, performing a pressure test or plugging the wells during the 2nd or 3rd quarters; and
 - iii. Will perform Bradenhead tests on 9 wells located in Colorado during the 2nd quarter of the year and bring the additional 2 Colorado wells into regulatory compliance by either returning them to production, performing a pressure test or plugging the wells during the 2nd or 3rd quarter of the year.
 - b. In 2021 FCE will perform the following actions –
 - i. Bring the Little Nancy 11-22 and the Little Nancy 3-44 wells into regulatory compliance by either returning them to production, performing a pressure test or plugging the wells during the 2nd or 3rd quarters.
2. During the 2nd and 3rd quarter of each subsequent year FCE will conduct such operations as may be necessary to bring the identified number of SI/TA wells into regulatory compliance and will commence such activity as may be required to obtain final abandonment approval for the identified previously plugged locations.
3. During the 4th quarter of the year FCE will evaluate its actions during the year and make such modifications or revisions to this Idle Well Plan as may be appropriate. FCE will communicate such modifications with the various regulating agencies as may be necessary or appropriate.

PRODUCING WELLS

Well Name	API	ST	County	TSP	RAN	SEC	QtrQtr	Field
Brewer Federal 2-17	05-033-06108	CO	Dolores	39N	19W	7	NENE	Papoose Canyon
Cross Canyon Unit 1	05-033-06012	CO	Dolores	39N	19W	7	SWNE	Papoose Canyon
Ranger Federal 24-7	05-033-06064	CO	Dolores	39N	19W	7	SESW	Papoose Canyon
Ranger Federal 10-18	05-33-06079	CO	Dolores	39N	19W	18	NWSE	Papoose Canyon
Ranger Federal 16-19	05-033-06096	CO	Dolores	39N	19W	19	SESE	Papoose Canyon
Husky B Unit 1	05-033-06008	CO	Dolores	39N	19W	30	SWNW	Papoose Canyon
Mustang Unit 26-23	43-037-31024	UT	San Juan	36S	23E	26	NESW	Mustang Flat
Mustang Unit 3	43-037-30894	UT	San Juan	36S	23E	26	SWNW	Mustang Flat
Mustang Unit 27-42	43-037-31325	UT	San Juan	36S	23E	27	SENE	Mustang Flat
Wild Stallion Unit 1	43-037-31426	UT	San Juan	36S	23E	33	SWNW	Wild Stallion
Nancy Federal 3-11	43-037-30902	UT	San Juan	38S	25E	3	NWNW	Little Nancy

SHUT IN / TEMPORARILY ABANDONED WELLS

Well Name	API	ST	County	TSP	RAN	SEC	QtrQtr	Field
Santa Fe Canyon Federal 42-7	05-033-06055	CO	Dolores	39N	19W	7	SENE	Papoose Canyon
Pinto 1-7	05-033-06174	CO	Dolores	39N	19W	7	Lot 11	Papoose Canyon
Hugus Federal 1	05-033-06076	CO	Dolores	39N	19W	8	SWSW	Papoose Canyon
Federal 2-19	05-033-06071	CO	Dolores	39N	19W	10	SWNW	Papoose Canyon
Ranger Federal 12-17	05-033-06072	CO	Dolores	39N	19W	17	NESW	Papoose Canyon
Willie Waschke 4-17	05-033-06085	CO	Dolores	39N	19W	17	NESE	Papoose Canyon
Santa Fe Canyon Federal 42-18	05-033-06063	CO	Dolores	39N	19W	18	SENE	Papoose Canyon
Squaw Canyon Federal 2-18	05-033-06045	CO	Dolores	39N	19W	18	NENW	Papoose Canyon
Federal 1-19	05-033-06060	CO	Dolores	39N	19W	19	SWSW	Papoose Canyon
Squaw Canyon Federal 3-A	05-033-06046	CO	Dolores	39N	20W	13	SESE	Papoose Canyon
Coker 1-31	05-033-06092	CO	Dolores	40N	19W	31	SESW	Bug Point
Mustang Unit 22-34	43-037-30943	UT	San Juan	36S	23E	22	SWSE	Mustang Flat
Mustang Unit 26-33	43-037-31086	UT	San Juan	36S	23E	26	NWSE	Mustang Flat
Mustang Unit 1	43-037-30776	UT	San Juan	36S	23E	27	NENE	Mustang Flat
Mustang Unit 27-32	43-037-31025	UT	San Juan	36S	23E	27	SWNE	Mustang Flat
Ucolo 2	43-037-30870	UT	San Juan	36S	26E	10	SWNE	Ucolo
Federal 34-32	43-037-30825	UT	San Juan	37S	23E	34	SWNE	Shumway Point
Bradford Cyn Federal 11-22	43-037-30850	UT	San Juan	37S	24E	22	NENE	Bradford Canyon
Nancy Federal 3-22	43-037-30901	UT	San Juan	38S	25E	3	SENW	Little Nancy
Nancy Federal 11-11	43-037-30903	UT	San Juan	38S	25E	11	NWNW	Little Nancy
Nancy Federal 3-44	43-037-30817	UT	San Juan	38S	25E	3	SESE	Little Nancy
Nancy Federal 1-22	43-037-30814	UT	San Juan	38S	25E	11	SENW	Little Nancy

PREVIOUSLY PLUGGED WELL LOCATIONS

Well Name	API	ST	County	TSP	RAN	SEC	QtrQtr	Field
Stateline 22-2	05-033-06179	CO	Dolores	39N	20W	22	Tr57	Wildcat
Cox Federal 33-8	05-033-06066	CO	Dolores	39N	19W	8	SWSE	Papoose Canyon
Pribble Unit A-1	05-033-40004	CO	Dolores	39N	19W	19	NESW	Papoose Canyon
Chevillar 32-32	05-067-09196	CO	La Plata	34N	12W	32	SWNE	Alkali Gulch
Parker 21-31	05-067-09197	CO	La Plata	34N	12W	31	NENW	Alkali Gulch
Brewer Federal 1-17	05-033-06070	CO	Dolores	39N	19W	17	NWNW	Papoose Canyon
Papoose 2-20	05-033-06100	CO	Dolores	39N	19W	20	SWSW	Papoose Canyon
Pribble Unit 1	05-033-40001	CO	Dolores	39N	19W	31	NENE	Papoose Canyon
Hampton Unit 1	05-033-40003	CO	Dolores	39N	19W	32	NWSW	Papoose Canyon
Federal LL 42X24	06-033-06089	CO	Dolores	39N	20W	24	SENE	Papoose Canyon
Thomas Etta 33-8	05-033-06103	CO	Dolores	39N	20W	36	SENE	Papoose Canyon
Santa Fe 44-7	05-033-06065	CO	Dolores	39N	19W	7	SESE	Papoose Canyon
Husky 1	05-033-40000	CO	Dolores	39N	19W	30	SESW	Papoose Canyon
Husky 2	05-033-06016	CO	Dolores	39N	19W	30	NWSE	Papoose Canyon
Mustang Unit 27-21	43-037-31030	UT	San Juan	36S	23E	27	NENW	Mustang Flat
Mustang Unit 27-43	43-037-31104	UT	San Juan	36S	23E	27	NESE	Mustang Flat
Bradford Canyon Federal 1-23	43-037-30799	UT	San Juan	37S	24E	23	NESW	Bradford Canyon
Nancy Federal 1-3	43-037-30741	UT	San Juan	38S	25E	3	NENW	Little Nancy
Little Nancy Unit 3-32	43-037-30898	UT	San Juan	38S	25E	3	SWNE	Little Nancy